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Higher, larger, costlier: Sochi and the 2014 winter Olympics

Müller, Martin

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ANALYSIS

Higher, Larger, Costlier: Sochi and the 2014 Winter Olympics¹

Martin Müller, Zurich

Abstract

With its subtropical climate and beaches, Sochi is known as the summer capital of Russia. For its conversion into a global winter sports resort, the Russian government has set in motion a gigantic programme of investment. With dire consequences: the gigantomaniac project has resulted in a massive waste of money, enormous environmental damage and infrastructure grossly out of proportion to the everyday needs of the local population.

Russia's Summer Capital

Sochi is the beating heart of the Russian Riviera on the Black Sea coast. The agglomeration extends for more than 140 km along the coast until the Abkhazian border, with a population of just under 420,000. The city proper has a population of only 130,000, however. The area's topography means that its settlements and infrastructure are concentrated on a thin coastal strip, the land rising sharply behind it; Mount Fisht, after which the Olympic Stadium is named, rises 2,867 metres a mere 30 km from the sea to form the north-western edge of the Central Caucasian range. Situated at 44° north, Sochi is at a similar latitude to Nice or Genoa. Located in a humid subtropical climate zone, it experiences colder temperatures in winter and significantly more precipitation than either of these cities however. The orographic lifts caused by the Caucasian wall bring 1,700 mm of precipitation annually—falling as snow on the high mountains in autumn and winter if the temperature is low enough. The advertising slogan “Where white snow meets the Black Sea” is misleading however: the snow seldom lies for more than a few days at sea level.

Sochi's annual average temperature of 13.1°C is 3°C higher than Vancouver, which in 2010 became the warmest Winter Olympic venue. Palm trees, eucalyptus and oleander bear witness to the subtropical climate and make Sochi unique among the regions of Russia. The city is traditionally renowned as Russia's summer capital (Letnyaya Stolitsa) and has specialised as a seaside resort. In the Soviet Union, Sochi was probably considered the most prestigious holiday destination and was a model city for Soviet tourism. Many trade unions owned grand sanatoria there, and a visit (*putyovka*) to Sochi was a privilege granted only to the nomenklatura or to workers of outstanding merit. During the tenth five-year plan (1976–1980) a total of 47 million stayed at the sanatoria.

The dissolution of the Soviet Union in 1991 also brought a collapse in the number of tourists. With the economic upturn since Putin came to power, Russian cit-

izens increasingly prefer to spend their holidays beyond the former Iron Curtain rather than return to the old centres of Soviet tourism. More than twenty years after the collapse of the Soviet Union, Sochi receives far fewer guests than it did during its boom years. Nobody knows quite how many fewer. Sochi's mayor, Anatoly Pakhomov, said there were four million summer visitors, which would place Sochi up there with such international super-resorts as Cancún and Atlantic City. On another occasion he said there were only three million. Other sources suggest one million is more realistic. This estimate would also tally with the passenger numbers of 2.1 million at the airport in Sochi, given that most visitors to Sochi come by plane. Moreover, the length of stays has decreased significantly: whereas in the past visitors stayed for an average of nine days, now it is only five. In sum: tourism in Sochi is now a mere shadow of its former glory.

A Makeover for Winter Sport

Until recently only a few scattered ski lifts near Sochi suggested that the topography of the Caucasus also held potential for winter tourism. Notwithstanding a few small areas such as Dombay in Karachay-Cherkessia or on Mount Elbrus, the entire Caucasus is hardly accessible for mass tourism. The 2014 Winter Games are supposed to tap into this potential, with Putin hoping to draw on Sochi's long tradition as a Soviet resort while giving the region a new image. Sochi is meant to become Russia's third city after Moscow and St. Petersburg. While Moscow represents the nerve centre of political and economic power and St. Petersburg is Russia's cultural capital, the new Sochi looks to the west; nonchalant and easy-going, it invites the global leisure industry to get to know a Russia beyond oil, gas and corruption. The slogan for the Winter Games in Sochi, “Hot. Cool. Yours.” (*Zharkie. Zimnie. Tvoi.*), targets those seeking a hedonistic lifestyle. To support his vision, Vladimir Putin attended the IOC meeting in Guatemala in 2007, to give his personal guarantee that the organisation would run smoothly and extolled Sochi's virtues for the 2014 Games. The immodest yardsticks for the new Sochi are the established resorts of the global winter sport jet-set from Aspen to Zermatt. For Putin there is no doubt:

¹ This article is a revised version of Müller, Martin. 2013. “Sochi and the 2014 Winter Olympics.” *Religion & Society* 41: 21–23. Thanks are due to John Heat for the translation and to Stefan Kube for the generous approval to reuse this article.

“Sochi is going to become a new world class resort for the new Russia. And the whole world!”

Putin’s promise had far-reaching consequences for the region. When Sochi was awarded the 2014 Winter Olympics on 5 July 2007, there wasn’t a single venue capable of hosting an Olympic event. The area lacked tens of thousands of hotel rooms of international standard. The region was beset by frequent traffic jams, the 30-kilometre drive from the airport to central Sochi sometimes taking more than two hours during rush hour. 12 billion US dollars were set aside for the Games, but it soon transpired that this was not nearly sufficient. In early 2013 the government published a new estimate of some 50 billion dollars. The 16-day event in Sochi now surpassed the hitherto most expensive (and much larger) Summer Games held in Peking in 2008 by more than 10 billion US dollars. The event thus represents an extreme example of regional politics: investment in the region amounts to 115,000 US dollars per inhabitant of Sochi. This means that every Russian citizen foregoes an average of 350 US dollars in public funds.

Contrary to the original plan, the larger part of the money invested has come from the state purse. Preparations for the Winter Games were supposed to have become a model for the role of private investors in the realisation of large-scale projects in Russia. But interest on the part of investors has remained low; lucrative contracts were awarded to the camarilla, while numerous other projects promised little profit. The government thus overtly called for private investors such as the oligarchs Oleg Deripaska and Vladimir Potanin to do their duty to society and finance these unprofitable projects. Along with the development of resorts, it was also demanded that they foot the bill for sports venues, as a kind of indirect tax. After the Winter Olympics, these stadia would pass over into state ownership at no cost. The benefactors hoped this implied that in return they would enjoy good connections to the authorities and preferential treatment when it came to awarding contracts.

This preferential treatment is evident everywhere. Putin’s bosom friend Arkady Rotenberg, for example, has built up a portfolio of 3.4 billion US dollars in public contracts through his activities. The mechanisms for personal gain are similar. Either unwelcome competitors are put under pressure through state-sanctioned intimidation in order to force acquisition of property at favourable prices, or the prices of contracts are artificially inflated so that every stakeholder is guaranteed a corresponding slice of the cake. Those who fall out of favour have to leave the scene. The Bilalov brothers had to sell their shares in the ski area in *Gornaya Karusel’* in Krasnaya Polyana and emigrate to Germany after Akhmed Bilalov had publicly criticised Putin several times. In turn, specially appointed

state inspectors pointed to financial mismanagement and inefficiency in Bilalov’s construction projects. The official line, however, is that preparations for the Winter Games are free of corruption. In 2011, Vice Premier Dmitri Kozak declared that a large-scale state investigation had not brought to light a single case of illegal payments.

A Resort from a Retort

In 2013 Sochi became the world’s largest building site: almost 100,000 construction workers worked round the clock to complete the resort in time for the arrival of more than 120,000 visitors in February 2014. As was the case with the Vancouver Games, the Sochi event will be held in two clusters: a coastal cluster for the ice sports in Adler and a mountain cluster for the alpine sports and sledging in Krasnaya Polyana. Whereas the buildings on the coast are arranged around a central square and thus realise a concept of short paths, the facilities in the mountains are spread across several resorts along the Mzymta valley (see Table 1). The ski areas in Krasnaya Polyana are all equipped with the latest technology, but with the exception of Roza Khutor they are all rather small. The oldest area is Alpika Service, which, like Laura, is owned by Gazprom. The first chair lifts were built here in the early 1990s, and plans were hatched to bring the Winter Games to Sochi. Two attempts in 1991 and 1995 failed due to insufficient infrastructure and the instability that characterised Russia, and particularly the Caucasus, in the 1990s.

The names of the architects and planners for Sochi read like a global who’s who of the (winter) sports scene: Ecosign from Whistler in Canada helped design the bid for the Games, Drees und Sommer from Stuttgart are project managers for the Olympic Park, the Populous architects’ studio designed the Fisht Olympic Stadium, the German engineering firms Gurgel + Partner and Kohlbecker designed the bobsleigh run and the ski jumps. International chains such as Radisson, Hyatt, Swissôtel or Mercure have opened hotels in Sochi and its environs. Despite its ambitions to become a player in the international market, the best chances for Krasnaya Polyana seem to lie in the Russian domestic market: with prices similar to those in the Alps, only connoisseurs will be willing to overcome difficulties in obtaining visas and language barriers in order to get to know the relatively small ski areas of Krasnaya Polyana.

The larger part of the projected budget is not for sports facilities, however, but for infrastructure, especially for transport and energy supply. The largest project is a new rail and road link between the airport in Adler on the coast and the resort of Alpika Service in Krasnaya Polyana, costing between eight and nine billion US dollars—almost double the entire investments in the 2010 Vancouver Games. The new connection will

reduce the time spent travelling the 50 km from Adler to Krasnaya Polyana from one hour to around 30 minutes at best. The hotel capacity too is undergoing massive expansion. 42,000 hotel rooms in various categories are part of the contractual agreement with the IOC—it is already foreseeable, however, that not all the hotels will be ready on time. For this reason, alternative arrangements have been put in place for some stakeholders: for example, the approximately 25,000 volunteers are to be housed on chartered cruise ships anchored on the coast.

Excesses and Investment Ruins

The will to reconstruct Sochi demonstrates a gigantomania that is unusual even by Russian standards. The extent of the investments puts every other large-scale post-Soviet project in the shade. The consequences are as dire as they are predictable. The enormous pressure of time felt in building the necessary infrastructure, often accentuated by arbitrary bureaucratic decisions, means that the impact on the environment and people has become a secondary concern. Even the organising committee concedes that irreversible damage has been done. This is all the more serious because the construction sites are located in Caucasian nature reserves. For example, extensive sections of the river *Mzymta* have been spoilt and straightened, whilst pillars for the rail and road link have been cemented into the river bed, from which large amounts of gravel have been directly excavated. Meanwhile, environmental organisations have completely withdrawn from discussions with contractors after even the most fundamental aspects of environmental protection were ignored, although the organising committee continues to adver-

tise the event as the greenest Olympic Games of all time.

The principal legacy of this gigantomania, however, will be infrastructure that is utterly disproportional and far too expensive for everyday needs. The combined rail-road link from Adler to Krasnaya Polyana will not be used to capacity even in high season. The total capacity amounts to 20,000 passengers per hour (11,500 by road, 8,500 by rail)—more than the number of rooms planned for Krasnaya Polyana. The subsequent use of the six stadia and the winter sport facilities will be the biggest cause for concern, however. After the Games, ownership of these facilities will pass over to the sports ministry, which foresees estimated maintenance costs of 82 to 137 million US dollars annually. The idea of dismantling existing stadia in other areas and reconstructing them in Sochi was claimed to be unviable and will only be realised for one stadium.

For this reason, many local residents are unhappy despite the inordinate investments for they cannot see how the extravagance will be of any use in their everyday lives. On the contrary, the remaining slivers of prime real estate on the Black Sea coast and in the mountains have been sold to foreign investors and will thus be reserved for paying guests. For the foreign observer, the 2014 Winter Olympics in Sochi may be a fleeting lesson on the excesses of state dirigisme and neo-patriotism; for the Russian leadership an opportunity to show the country at its modernised best; for the athletes and associations the height of sporting competition. But for local residents they have changed their lives immeasurably. Whether that change is for the better, the Russian government is yet to show how.

About the Author

Martin Müller is Swiss National Science Foundation Professor at the Department of Geography at the University of Zurich and does research on the planning, organisation and impacts of mega-events. <www.martin-muller.net>

Further Reading:

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- Müller, Martin, ed. 2014. "Sochi 2014: Great Games for a Great Power?" *East European Politics*, in press.
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Table 1: Overview of the Four Ski Areas in Krasnaya Polyana

Owner	Roza Khutor Interros (Vladimir Potanin)	Gornaya Karusel' Sberbank	Laura Gazprom	Alpika Service Gazprom
Length of pistes (in km)	72	12	15	25
Highest elevation	Roza Pik (2320 m)	Black Pyramid (2300 m)	1800 m	Aibga (2238 m)
Lifts (under construction)	13 (5)	8 (1)	6 (6)	6 (1)
Capacity (persons/hour)	30 600	11 340	9 800	(5 670)
Day ski pass	CHF 46 (RUB 1500)	CHF 40 (RUB 1300)	CHF 40 (RUB 1300)	Currently under reconstruction
Olympic facilities	Alpine skiing, snowboarding, freestyle	Ski jump	Biathlon, cross-country skiing	Bobsleigh

ANALYSIS

Olimpstroy: Building the Sochi Olympics from Scratch

Robert W. Orttung, Washington, DC

Abstract

The Sochi Olympics will cost Russia more than \$50 billion. With the state corporation Olimpstroy running the show, the games provide a useful case study of how well-connected elite insiders benefit from the country's current political and economic system.

The Most Expensive Olympics Ever

The Sochi Olympics will cost Russia at least \$50 billion, giving them the dubious claim to fame of being the most expensive Olympics ever held. Why are they so expensive? Who is footing the bill? And who benefits from these expenditures?

The Sochi Olympics are so expensive because the host city was mostly known as a summer tourist destination before Russia won the right to host the Winter Olympics in 2007. It was a place where Russians could go to relax on the beach. Skiing was an option in the winter, but nearby mountains did not boast a major international ski resort. In a perverse way, this situation made Sochi attractive to the International Olympic Committee (IOC) members who picked Sochi over competitors in Austria and South Korea: nominating Sochi meant that Russia would have to build a brand new resort with state of the art facilities and amenities.

In 2007, Russia seemed like a good bet for the games. President Vladimir Putin strongly endorsed the idea of the Olympics and the country was booming economically thanks to its oil and natural gas exports at a time when world energy prices were reaching record highs. The economic picture has since dimmed in the wake of the 2008 financial crisis, lower energy prices, and Russia's inability to wean its economy away from dependence on hydrocarbon exports. However, Putin has remained true to his word, meeting the IOC's expectation to invest whatever it takes to prepare for the games.

There are four categories of expenses for the Olympics: operating expenses for the 17 days of competition, construction of Olympic event facilities, urban infrastructure necessary to host the influx of athletes, spectators and media for the games, and security. The vast majority of the expenses for the Sochi games are going into infrastructure projects designed to turn Sochi into a world class city.

The Source of the Money

Most of the funds for the Olympics come from the Russian state budget. In Western countries, the organizers of mega-events like the Olympics are usually local real estate developers, working in close association with local politicians, who want to promote the brand of their city,

improve local amenities, increase tourism, and thereby drive up property values. While the federal government provides some of the funding for infrastructure development and security, local sources are typically responsible for the Olympic budget.

In Russia, it is the federal government that is the driving force behind the games. Federal politicians and businesses are making all the key decisions, not their local counterparts. Accordingly, the federal state budget is providing the vast majority of the funds for the Olympic preparations. This money is going toward extensive new infrastructure in terms of railroads, roads, telecommunications, energy supply, hotels, and new sports facilities.

The original budget estimate for the games in 2007 was just \$12 billion. At the beginning of 2013, revised calculations for the necessary outlays topped \$50 billion. As the funder of last resort, the state budget is the only source capable of providing such large sums.

Other funders include state-owned and controlled companies like Gazprom and Russian Railroads, which both hold monopolies in their respective areas. At the direction of the Kremlin, they also contribute to the expenses.

Putin has also asked key billionaire oligarchs, such as Oleg Deripaska and Vladimir Potanin to contribute to the effort. In their case, Vneshekonombank (VEB) provides loans that can provide as much as 90 percent of the capital that they need to cover their costs. Nevertheless, these oligarchs have complained that the Olympics were forcing them to invest in projects that had little chance of becoming profitable in the future. As they build hotels that will be sufficient for the Olympic games themselves, it is not clear that future tourism will fill up the vacancies that will be created. Indeed, there are already signs of trouble and impending debt defaults. Olympic investors like Gazprom, Inter RAO, Renova, Interros, Sberbank, and Bazovyi element are asking that their loans be restructured, according to a November article in *Vedomosti*. The companies claimed that they were all losing money on their projects and could not pay back their loans under current conditions.

Where is the Money Going?

In most countries, an Organizing Committee for the Olympic Games (OCOG), which is accountable to the

IOC, runs the Olympic games and ensures that all the facilities are ready by the time that the Opening Ceremonies begin. Putin, however, chose to take a different approach that fits better with his style of government rather than the methods more common in developed democracies. In the Russian case, the OCOG serves as a façade for the organization that really wields all the power. Instead of reporting to the IOC, Putin wanted to be sure that he and his colleagues could operate without intrusive oversight. Russia's construction industry is known as one of the most corrupt sectors of the economy and Russian leaders undoubtedly had no desire to make its workings transparent to outsiders.

The key bureaucratic actor in making sure that the Olympic facilities and infrastructure are ready on time is Olimpstroy, the common name for the organization formally known as the State Corporation for the Construction of Olympic Venues and the Development of Sochi as a Mountain Resort. Putin created Olimpstroy on 30 September 2007, on the basis of a federal law, to oversee the design and construction of the sporting venues, transportation, electricity, tourism, and security buildings, organize their functioning, hold tenders, and monitor the progress of Olympic construction and the performance of related activities. Olimpstroy was never mentioned in the documents that Russia provided to the IOC as part of its application to host the games and it only appeared on the scene after Russia had won its bid.

Olimpstroy is one of only seven "state corporations" in Russia. The others are: Rosatom, Russian Technologies, Rusnano, Vneshekonombank, the Mortgage Lending Agency, and the Housing and Utilities Reform Fund. State corporations are different from private corporations and state agencies. Formally, they are defined as non-profit corporations. They are not required to provide detailed annual reports even though they have access to state funds. Their special status effectively makes it possible to control money with minimal oversight and interference. When he was president, Dmitry Medvedev criticized the workings of the state corporations and tried to hold them to higher levels of accountability. However, this process came to an end when Putin remarked that state corporations "are neither good nor bad. They are necessary."

A study of Olimpstroy spending by Aleksandr Sokolov demonstrated that the cost of building a stadium, road, or bridge in Russia is much more expensive than similar projects in other countries. His examination of seven key Olympic sites found that the Russian projects cost 57.4 per cent more than other projects and claimed that the difference in costs had been siphoned off by the insiders who controlled the key construction companies.

While the exact distribution of these rents is unclear, some facts are known. Companies such as Mostotrest and Stroygazmontazh controlled by Arkady Rotenberg, a childhood friend of Putin, have received more than \$7 billion in contracts for Olympic projects, according to a Bloomberg report based on corporate and government reports. These projects include road construction and building the media center. Not surprisingly, most Russians think that the state money is being spent ineffectively, according to a Levada Center poll conducted in June 2013.

Rotenberg's success in winning such contracts suggests that different categories of businessmen have different relations with the Olympics. Putin's close friends seem to be benefitting from the state's largess, while 1990s era oligarchs, like Deripaska and Potanin, are expected to contribute to the Olympic pot.

Who is Running Olimpstroy?

The Russian Government appoints the president of Olimpstroy and there has been little stability in the position. Since it was created, the corporation saw four presidents: Semyon Vainshtok (2008), Viktor Kolodyazhnyi (2008–9), Taimuraz Bolloev (2009–11), and Sergei Gaplikov (since 2011). The rapid turnover of the leaders indicates poor management, the short-term time horizons of the groups in charge, and fertile grounds for corruption opportunities. By contrast, in organizations that apparently have little absolute power, the jobs of Alexander Zhukov, the president of the Russian Olympic committee, and Dmitri Chernyshenko, the head of OCOG, have been more stable.

Before becoming the inaugural president of Olimpstroy, Vainshtok had served as the president of Transneft, the Russian oil pipeline monopoly, from 1999 to 2007. After Vainshtok stepped down as the head of Transneft, crusading anti-corruption blogger Alexey Navalny in November 2010 accused that monopoly of misusing \$4 billion in state funds as part of a Siberian pipeline construction project. Following his removal from Olimpstroy, Vainshtok eventually moved to London and then Israel, where he became chairman of the board of the company Israel's Financial Levers.

The next president, Kolodyazhnyi, was the previous mayor of Sochi, known for owning a cement factory which supplied the city and therefore allegedly providing a profit for himself at the expense of the public purse. His problem at Olimpstroy was that he had little power vis-à-vis the Krasnodar Krai Governor Aleksandr Tkachev and therefore came under attack from the Krai authorities who wanted to gain greater control over Olimpstroy than the federal authorities wanted to give them.

Bolloev, the former head of the Baltika brewery in St. Petersburg who served as the third president, apparently did not see eye-to-eye with Deputy Prime Minister Dmitry Kozak during his term.

The fourth and current president Gaplikov is the former prime minister of the republic of Chuvashia and former deputy chief of staff of the Russian government.

Running Olimpstroy would be a difficult job for any manager. On the one hand, the Olympics Opening Ceremonies will take place on February 7 so all the facilities must be fully functioning at that point. Given the international media spotlight, everything has to meet high levels of quality. Even if the budget is unlimited, there is no way to get around the need to produce results on time. On the other hand, the head of Olimpstroy sits on top of large cash flows, so many groups and individuals will be interested in securing contracts that ensure that part of the money will run in their direction.

A key reason behind the games is to provide funding to key regime elites. Vainshtok, as the former head of state-controlled oil pipeline monopoly Transneft, itself a major generator of rents for the elite, was well placed to continue performing this function. Kolodyazhnyi likely performed a similar task. However, their short tenure points to the likely existence of conflict among the various elites seeking to control the money flows and their inability to ensure that the Olympic events would be ready on time. Bolloev and Gaplikov were likely more focused on getting results as well as distributing the rents.

The leadership chaos in Olimpstroy has apparently had an impact on the construction projects. The Fisht Olympic Stadium, the main venue for the games, was

still not finished in late 2013. One anonymous insider who was involved in planning the opening ceremonies blamed the problems on Olimpstroy's rotating leadership, which made it difficult for the organization to track the work of all of its subcontractors, according to the *Moscow Times*.

The one constant in the management of Olimpstroy is Dmitry Kozak, currently holding the title of deputy prime minister. Kozak served as the head of the Olimpstroy Board of Directors until 2012, when he was replaced by Igor Slyunyaev, Russia's minister for regional development, though Kozak still oversees the Olympic project as deputy prime minister. Kozak's influence comes from his informal ties to Putin rather than his formal job at any given time. Before appointing him to Olimpstroy, Putin had turned to him to address a variety of complex tasks, including, legal reform, restructuring relations between Moscow and the regions, and addressing the problems of the North Caucasus. The various problems in Olimpstroy have apparently not diminished Putin's confidence in Kozak.

Conclusion

In financial terms, the Olympics are a game for Russia's elites. The main beneficiaries seem to be wealthy friends of Putin, who receive contracts from Olimpstroy to build facilities that may have little use after the games. A different group of elites, forced to invest in projects that are unlikely to be profitable, are complaining loudly. The consequence is likely to be cause for a split among the elite dividing those who are benefiting and those who are not.

About the Author

Robert Orttung is the assistant director of the Institute for European, Russian, and Eurasian Studies at The George Washington University Elliott School of International Affairs and a visiting fellow at the Center for Security Studies of the Swiss Federal Institute of Technology Zurich.

Recommended Reading

- Robert Orttung and Sufian Zhemukhov, 2014 (forthcoming), "The 2014 Sochi Olympic mega-project and Russia's political economy," in Martin Müller (ed.): *Olympic Games in Sochi 2014: a great event for a great power?* *East European Politics* 30.
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ANALYSIS

Migrant Workers and the Sochi Olympics

Sufian Zhemukhov, Washington, DC

Abstract

When Sochi was awarded the 2014 Winter Olympics in 2007, the Kremlin proclaimed its intention to use this mega-project to create new jobs and attract new migrants to the region in and around Sochi. However, the seven year experience of constructing the Olympic infrastructure has not seen this intention effectively realized, and has seen a change in approach from the Kremlin, reflecting a generalized increase in xenophobia within Russian society during this period. Both official and unofficial means were used to restrict the number of foreign migrant workers, and cases in which both foreign and domestic workers were exploited were numerous, culminating in a campaign by the Krasnodar authorities to deport migrant workers before the games begun. The Sochi Olympics, thus, suggest that the Russian authorities remain unable to manage both large-scale projects and the sensitive issue of migrant workers, often resorting to solutions based on brute force, rather than the coherent implementation of an appropriate legal framework.

In May 2013, less than a year before the start of the 2014 Winter Olympics, a group of Chechen workers organized a demonstration in Sochi against their employer, the construction company *Izhtransmonolit*, demanding to be paid their last three-month wage arrears and complaining about their poor working conditions and the lack of formal employment contracts. At the same time, they argued that they were unable to find either legal or better employment elsewhere, because of the informal rule imposed by the organizers of the Olympics preventing Chechens being hired.¹

Such cases are typical of the current problems experienced by workers at the Olympic site and reflect wider socio-political crises within contemporary Russia, which include issues such as xenophobia, corruption, human rights violations and insecurity. As a result of these problems and restrictions, the Kremlin's initial intention to use this mega-project to create new jobs and attract new migrants to the region in and around Sochi has not been realized. This raises the question: Why did the organizers of the 2014 Olympics in Sochi fail to establish the necessary legal and employment conditions to realize these intended goals in constructing and developing this mega-project, and what methods, if any, is the Kremlin currently using to manage the migrant issue?

Official Russian Policy Towards Migrant Workers and the 2014 Olympics

In the period between the submission of its bid to host the Winter Olympics and the start of the games, the official Russian position towards migrant labor has shifted dramatically, against a backdrop of growing xenophobia across Russian society. If in 2009, around 52 percent of Russians expressed a negative attitude towards foreign

workers coming to Russia, by 2013 (at the time of the deportation of migrant workers from Sochi) this number had jumped to 78 percent.² The Kremlin's change of policy in recent years demonstrates that even when it comes to politically vital events, such as the Olympics, the Russian authorities are unable to successfully manage the issue of migrant labor.

When Russia submitted its initial bid to hold the Olympics, the organizers hoped to improve the country's image as the most successful and positive example in the post-Soviet region. One of their key stated goals was job creation in and around Sochi, and the attraction of more workers to the region from elsewhere to build the Olympic site. Indeed, in 2007, the organizers of the Games assured the International Olympic Committee (IOC) that not only was the security situation in the North Caucasus now under control, but that migrant workers from elsewhere would be able to seek employment on the Olympic site.³

Initially, the Games' organizers did not differentiate between Sochi and the other parts of the North Caucasus, either in administrative or in ethnic terms. This, together with the organizers' pledge to attract more foreign and migrant labor, appeared to encourage other North Caucasus regions and non-Russian ethnicities to see the Sochi Olympic as economically beneficial for the wider region. It was estimated that about 200,000 migrant laborers would work on the Olympic site.⁴ Changes in legislation were also meant to simplify the procedure for employing foreign workers in Sochi.

1 "V Sochi chechenskies rabochies vyshli na stikhiinyi miting protiv zaderzhek po zarplate", *Rosbalt*, 22 May, 2013, <<http://www.rosbalt.ru/federal/2013/05/22/1131437.html>>

2 Levada-Centr, "Pochti 80% rossiyan—protiv pritoka migrantov", *Fontanka*, 5 November 2013, <<http://www.fontanka.ru/2013/11/05/047/>>

3 *Sochi 2014. Candidature File*, p. 61, <http://web.archive.org/web/20100103043040/http://sochi2014.com/sch_questionnaire>

4 "Igor' Naumov. Sochi zastroyat inostrancy. Na vozvedenie olimpijskikh ob"ektov zazyvayut do 200 tysyach gastarбайterov",

Besides the creation of temporary jobs constructing the infrastructure for the Games, the authorities also promised to create new longer term jobs for Sochi residents in the catering and tourist sectors. Indeed, in 2007 the deputy head of the Federal Agency for Education, Evgeny Butko, announced that, by 2014, 150,000 new jobs would be created for Sochi residents.⁵

However, in practice, the number of legally employed workers at the Olympic site was much lower. According to the data provided by "Olympstroi," only 12,959 workers from other Russian regions and 7,339 foreigners were working at the Olympic facilities in 2011.⁶ In May 2013, the numbers provided by authorities were much higher: out of a total of 80,000 migrant workers employed on the Olympic site, 17,000 were said to be foreign with the rest from other Russian regions.⁷ However, these numbers contrast sharply with those provided by the network "Migration and law", which suggest that the numbers are much lower, with no more than 20,000 migrant workers in 2013.⁸

Several factors seem to explain the organizers' inability to attract greater numbers of migrant workers. These include the ongoing security concerns within the region, legal wrangling and problems with corruption. Thus, while in 2007 the organizers could state that "to date, there have been no recorded incidents of domestic or international terrorist acts in Sochi,"⁹ this was no longer the case by 2009. The emergence of the *Caucasus Emirate*, a terrorist organization operating in the North Caucasus region, forced changes in the security strategy for the Games in 2009. Unable to stabilize the situation in the wider North Caucasus, the Russian authorities decided to isolate Sochi from the rest of the North Caucasus, particularly in relation to non-ethnically Russian populations. To enact an administrative split between Sochi and the rest of the increasingly unstable North Caucasus, the Kremlin created a new North Caucasus

Federal District, out of the existing South Federal District, in 2010. An unofficial ban was also placed on the participation of North Caucasian companies in public tenders for construction contracts in the Sochi area. Unofficially, the Olympic construction projects were also prohibited from employing workers from the ethnic Republics in the North Caucasus, a fact that stoked even more inter-ethnic tension in the region.¹⁰

Workers from abroad also had a hard time obtaining permits to come to Sochi, and mostly came by special request from the Olympic organizers. A typical case was, for example, when the FSB stopped 41 Turkish citizens who came to Sochi by boat in July 2007. They had tourist visas, but the FSB suspected that they intended to work on the Olympic construction sites and denied their entry into Russia.¹¹ In May 2009, the Russian and Turkish Prime Ministers, Vladimir Putin and Recep Tayyip Erdogan, officially agreed that Russia would allow Turkish workers to be employed on the Olympic construction sites in Sochi. In 2009, the Turkish Prime Minister stated that "the 2014 Olympics expect us and you know that Turkish construction companies are among leaders in the world market."¹² However, in practice, this did not lead to many Turkish migrant workers being employed in Sochi. In 2011, only 546 Turkish workers were employed on the Olympic site (see table below).

Table 1: Foreign Workers at the Sochi Facilities in 2011¹³

Country	Workers
Uzbekistan	2,338
Ukraine	886
Belorussia	593
Turkey	546
Bosnia and Herzegovina	541
Moldova	511
Tajikistan	480
Serbia	317
Kyrgyzstan	187

Nezavisimaya Gazeta, 18 June 2009, <http://www.ng.ru/economics/2009-06-18/4_Sochi.html>

5 "V Sochi k 2014 godu budet sozdano 150–160 tys. novykh rabochih mest", *Olimprus*, 16 September, 2007, <<http://olimprus.ru/articles/new150workplacetooolimp>>

6 Anastasiya Chelok'yan, "Migracionnyj bum po-sochinski", *Edinyj Informacionnyj Centr 2014*, 5 December 2011, <http://infocenter2014.ru/events/publications/publications_3712.html>

7 "V Astrahani prohodit vyezdnoe soveshchanie Sovbeza RF", *Astrahanskaya oblast'.RF*, 16 May 2013, <<http://astrobl.ru/news/71518>>

8 Irina Druzhinina, "Trudovaya migraciya v Sochi: 'za' i 'protiv'", *Sochi-express*, 31 July, 2013, <<http://www.sochi-express.ru/sochi/news/sochi/7031/>>

9 *Sochi 2014. Candidature File*, p. 29, <http://web.archive.org/web/20100103043040/http://sochi2014.com/sch_questionnaire>

10 Emil Souleimanov, "Security Concerns Ahead Of The 2014 Sochi Olympics", *Central Asia-Caucasus Analyst* 13, no 7. April 13, 2011, p.10, <<http://www.silkroadstudies.org/new/docs/publications/110413analyst.pdf>>

11 Aleksandra Anisimova, "Sochinskie pogranichniki ne pustili v Rossiju gruppu nelegalov iz Turcii", *RIA Novosti*, 9 July 2007, <<http://ria.ru/incidents/20070709/68599792.html>>

12 Igor' Naumov, "Sochi zastroyat inostrancy. Na vozvedenie olimpijskih ob"ektov zazyvayut do 200 tysyach gastarbajterov", *Nezavisimaya gazeta*, 18 June 2009, <http://www.ng.ru/economics/2009-06-18/4_Sochi.html>

13 Mariya Sergeeva, "Trudovye migranty iz 29 stran rabotayut na olimpijskoj strojke v Sochi", *Sochi.ru*, 20 July 2011, <<http://sochi1.ru/newslne/415974.html>>

Most of the migrant workers in Sochi instead came from the former Soviet Republics, mainly from Uzbekistan, Ukraine, Belarus, Moldova, Tajikistan and Kyrgyzstan. It was much easier for citizens from these states to find employment, as they did not need entry visas and are permitted to stay in Russia for up to 90 days, during which period they sought to find a way through the existing red-tape to obtain a work permit.

Violations of the Workers' Rights

In view of the growing instability in the wider North Caucasus region, additional security measures were put in place in and around Sochi. These measures served to encourage a rise in suspicion of, and exploitative and corrupt practices towards, the increasingly vulnerable group of foreign migrant workers in Sochi. The increase in suspicion occurred in spite of the fact that no foreign worker has, as yet, been implicated in any terrorist activity. In spite of the creation of additional security measures, the safety of foreign workers was far from guaranteed. In February 2009, one foreign worker was killed and another wounded as a result of a bomb at one Olympic facility.¹⁴

Foreign migrant workers were further marginalized due to their lack of labor rights and poor working conditions. When first arriving at their work place, migrant workers were forced to submit their passports and visa registration applications to the employer, who promised to take care of their registration and provide them with a work contract. However, such promises were often not kept, as the employers would hold on to these documents for weeks if not months, or returned them but without the required registration stamps or work contracts.¹⁵ In 2013, *Human Rights Watch* reported many such cases of "employment without contract"; the employers did not provide sufficient accommodations for the employees; the workers did not receive the whole salary or did not receive it in time.¹⁶ Such problems persisted across the board.

On the Olympic site itself, an unofficial ban was put in place on the use of all languages other than Russian, which further alienated and marginalized migrant workers. At the construction sites of the Olympic venues in Krasnaya Polyana district of Sochi, a sign was displayed

that read "*Speak only Russian on the building facilities. Fine 100 RUR*"¹⁷, translated not only into a number of foreign languages, such as Uzbek and Kirgiz, but also in Circassian, the official language of Adygea Republic, a region in the South Federal District. The authorities maintained that such measures were necessary to clamp down on, and prevent the spread of, any unrest and illegality on the construction sites.¹⁸

While, in practice, many of these regulations were broken, law enforcement agencies also played a part in the growing marginalization of foreign workers in and around the Olympic sites. If, between 2007 and 2010, Russia sought to publicize its measures to liberalize registration and labor laws in and around Sochi, by the early 2010s, many of the workers that came to Sochi as a result of these liberalized measures had in fact been deported or fined. Indeed, in 2011, 154 foreigner workers in Sochi were expelled, while others faced a total of 31,727,250 RUR (more than one million USD) in fines.¹⁹ In 2013, the authorities registered 24,000 violations of migration law and deported 3,000 foreign workers from the Krasnodar region, half of them from Sochi.²⁰

In some instances, the authorities even went against the organizers of the games, as for example, in the case of the Sochi branch of Russia's Investigative Committee. In this instance, it was suggested that the state corporation, *Olimpstroi*, which controlled state funding for the Olympics, had embezzled 23 million RUR from 2007 to 2010 and claimed compensation for employment contracts that never existed. This scandal resulted in the departure of the head of *Olimpstroi*, though no charges were filed against him personally.²¹

Local and federal law enforcement agencies did not, therefore, stand idly by, they were busy deporting and imposing fines on migrant workers and investigating failures at the highest level of the *Olimpstroi* management. However, this did not resolve the situation. The problem was not a lack of information about poor working conditions and high levels of corruption in and around the construction of this mega-project, but

14 "Urozhenech Chechni osuzhden za podgotovku teraktov v Sochi i Anape", *Kavkazskij uzel*, 29 September 2009, <<http://georgia.kavkaz-uzel.ru/articles/159967/>>

15 Maksim Kazakov, "Sochinskaya specoperaciya po vyyavleniyu nezakonnyh migrantov", *Sotsialnaia Set Goroda Sochi*, 12 September 2013, <<http://www.sochi07.com/blogs/203/1792/>>

16 "H'yuman Rajts Votch': vlasti prodolzhayut prepyatstvovat' rabote pravozashchitnikov na Severnom Kavkaze", *Kavkazskij uzel*, 22 January 2012, <<http://www.kavkaz-uzel.ru/articles/199683/>>

17 <<http://ncontent.life.ru/media/2/news/2011/08/66414/400.jpg>>

18 Irina Desyatnichenko, "Stroiteley Olimpiady shtrafuyut za rodnoy yazyk", *Life News Online*, 11 August 2011, <<http://www.life.news.ru/news/66414>>

19 Anastasiya Chelok'yan, "Migracionnyy bum po-sochinski", *Edinyj Informacionnyj Centr 2014*, 5 December 2011, <http://infocenter2014.ru/events/publications/publications_3712.html>

20 "Aleksandr Tkachev potreboval ubrat' iz Sochi vseh nelegalov cherez dva mesyaca", *Blogsochi*, 9 November, 2013, <<http://blogsochi.ru/content/aleksandr-tkachev-potreboval-ubrat-iz-sochi-vsekhi-nelegalov-cherez-dva-mesyatsa>>

21 *Kavkazskij uzel*, January 31, 2011.

the regime's inability to create a fairer, more transparent and legal business environment in Sochi.

Deportation of Migrant Workers on the Eve of the Olympics

The ongoing wide-spread violation of workers' rights all pointed to the organizers' failure to establish effective bureaucratic procedures or proper working conditions for the construction of the Olympics. And despite criticisms from the highest political levels in Russia about the lack of coordination between the different government departments involved in the preparations for the games, President Medvedev himself did not offer any new legal, political, or management measures for solving these problems. Instead, the Presidential apparatus sought to do away with some of the existing bureaucratic layers and to move towards more direct presidential control over the preparations for the Games.²² However, the problems caused by inefficient bureaucratic coordination and implementation persisted throughout the course of the Olympic construction project, and even as late as February 2013, President Putin spoke about the need to simplify bureaucratic procedures, whilst calling for greater and more direct political control over the mega-project.²³

It is hard to imagine that the Kremlin sanctioned the wide-spread corruption and human rights violations seen during the run-up to the Olympics. Indeed, with the Games approaching, the Kremlin kept an ever closer eye over the developments on the ground, with Putin remarking that he was busy dealing with Olympic issues on a daily basis.²⁴ Apparently this inability to create a self-regulating mega-project resulted in the President being forced to personally becoming involved in the daily running of the project.

Locally, fears were increasingly raised about the threat of worker strikes and labor disputes over wage arrears during the actual event, as have been seen in the run-up to the Games. The solution from the local authorities was rather radical, a mass deportation of migrant workers just before the opening ceremony. The governor of the Krasnodar region, Alexander Tkachev, stated that "[a]fter finishing the big Olympic construc-

tion in Sochi, the migrants should leave the region."²⁵ The authorities recommended to the 44 largest-employers in Sochi that they should not pay workers' salaries until the migrants had purchased their return tickets home. This method was, however, obviously ineffective for those that had been employed illegally on some of the construction sites.

Realizing that they were unable to resolve this issue legally, the authorities decided to deport en masse all of the migrant workers in Sochi and the Krasnodar Region. The scale of the deportation was akin to a Stalinist measure. Sixty "raid brigades" were established to search and deport "hundreds of thousands migrant workers illegally living and working" in Sochi and the Krasnodar Region.²⁶ Raids began immediately following the September 3 speech by the governor of Krasnodar Region in which he called for "raid brigades" consisting of the police, the Migration Service, the Federal Security Service, and other officials, as well as Cossacks, to go through Sochi's streets to "clean them up." Detentions continued during the IOC's final inspection visit to Sochi in late September. According to a Human Rights Watch report, local authorities had also raided workplaces, homes, and public places, rounding up both foreign and migrant workers from elsewhere in Russia and holding them in police station courtyards and overcrowded temporary holding cells. In some cases, these detainees were denied access to a lawyer, whilst police officers denied that these workers were being held in custody. Many of them were subsequently expelled from Russia, following court hearings, without lawyers present.

However, in spite of the adoption of this deportation strategy, the Russian authorities were unable to resolve the migrant issue. After month-long raids, the governor of Krasnodar region stated that 60,000 illegal migrants had melted into the local population and disappeared from the official radar. This did not, however, deter the authorities from doubling their efforts and continuing their policy of deportations.²⁷

22 "Medvedev raskritikoval chinovnikov za volokitu s olimpijskoj strojkoy v Sochi", *Newsru*, 23 March 2009, <<http://www.newsru.com/russia/23mar2009/medvedso4i.html>>

23 "Vladimir Putin potreboval usilit' kontrol' za rashodovaniem sredstv na stroitel'stvo olimpijskih ob'ektov v Sochi", *Federaciya gornolyzhnogo sporta i snouborda Rossii*, 6 February 2013, <<http://www.fgssr.ru/Sport/ui/Page/Organisation/OrganisationPageNewsItem.aspx?id=4276&o=4355&so=3275&fp=3>>

24 "Vyhodnyh ne byvaet": Putin prinyal v Sochi vpechatlennoego stroitel'stvom Yanukovicha", *Newsru*, 26 May 2013, <<http://www.newsru.com/russia/26may2013/sochi.html>>

25 "HRW: Rossijskie vlasti vysylayut trudovyh migrantov iz Sochi", *Grani*, 3 October 2013, <<http://grani.ru/Politics/Russia/Regions/m.219692.html>>

26 "Administraciya: potok migrantov v Krasnodarskij kraj zashkalivaet", *Sochi-2014*, 25 July 2013, <<http://sochi-24.ru/obshestvo/administraciya-potok-migrantov-v-krasnodarskij-kraj-zashkali vaet.2013725.65871.html>>

27 "Tkachev: pochti 60 tysyach nelegal'nyh migrantov 'rastvorilis'", *Sochi-24*, 24 October 2013, <<http://sochi-24.ru/politika/tkachev-okolo-60-tysyach-nelegalnyh-migrantov-rastvorilis.20131024.69681.html>>

Conclusion

The problems relating to migrant workers in Sochi play out on many levels. Firstly, it reflects a generalized increase in xenophobia across Russia, whereby in 2013, 74 percent of Russians expressed negative attitude against foreign workers migrating to Russia. Secondly, the Kremlin's inability to resolve the migrant issue, even within this tightly controlled state-led mega-project, raises doubts about the prospects of them resolving this problem across the rest of the country. Thirdly, the contrast between the regime's good intentions of attracting as many migrant workers as possible at the beginning

of this mega-project, and the recent mass deportations of migrant workers suggests that the regime continues to engage in projects it cannot adequately control and for which it cannot establish an adequate legal framework. Finally, rather than addressing employment and migration issues in a peaceful and competent manner, the Russian authorities continue to rely on brute force to resolve such problems. The story of the Sochi Olympic mega-project makes it clear that the current regime is unable to tackle sensitive issues in a timely, effective and comprehensive fashion, using substantive legal, economic, and political means.

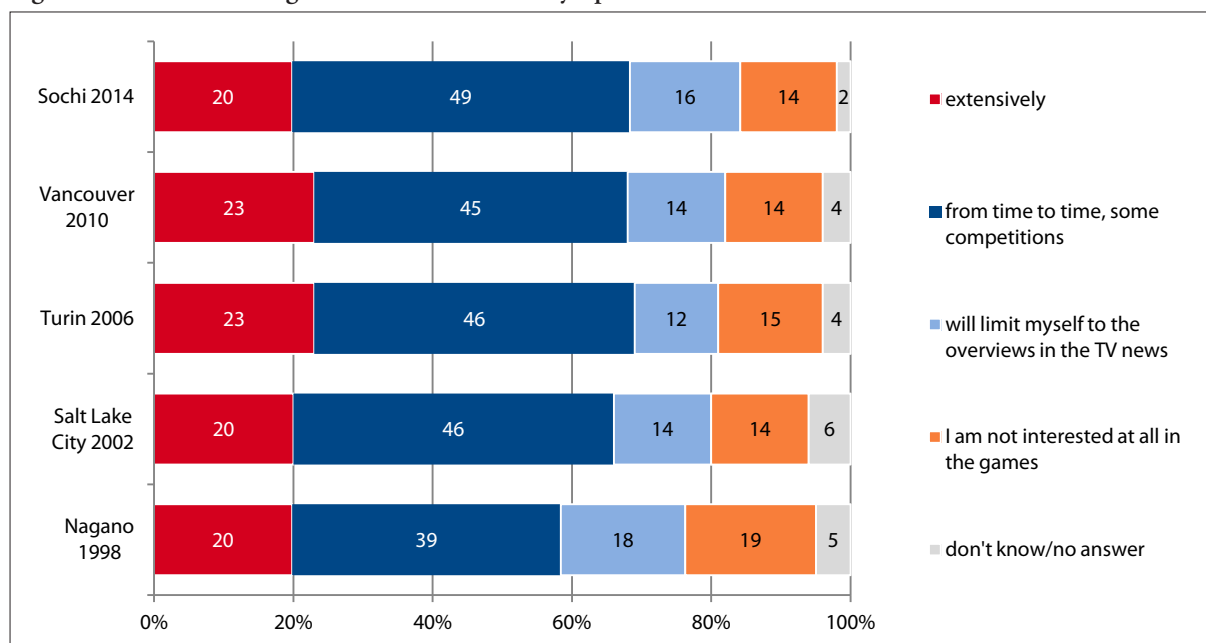
About the Author

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OPINION POLL

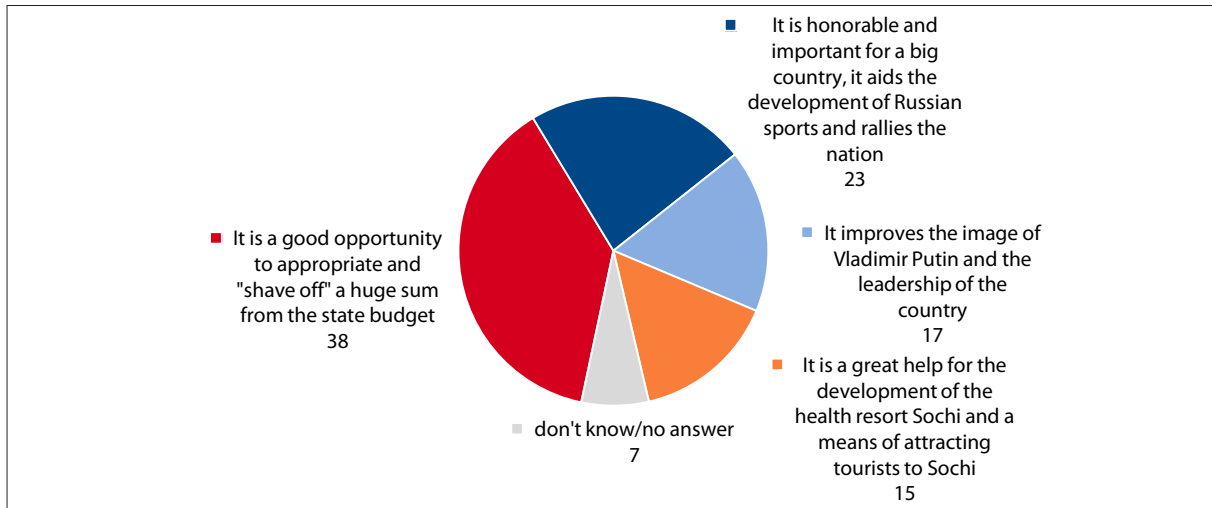
“The Most Expensive Games, Ever”: Russian Opinions on Sochi

Figure 1: Are You Going to Watch the Winter Olympic Games on Television?



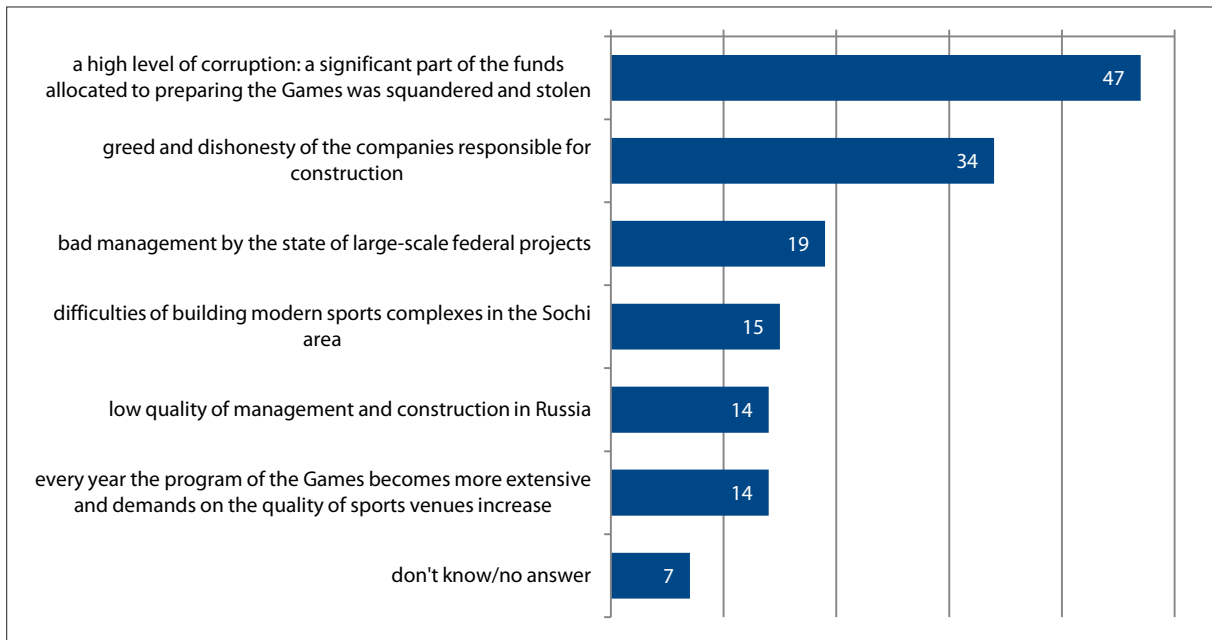
Source: representative opinion polls by Levada Center, January 1998 to 24–27 January 2014, <<http://www.levada.ru/print/05-02-2014/zimnie-olimpiiskie-igry-v-sochi-interes-nadezhdy-i-otsenka>>

Figure 2: What, In Your Opinion, Is the Main Reason Russian Bureaucrats Wanted the Winter Olympic Games to Be Awarded to Sochi?



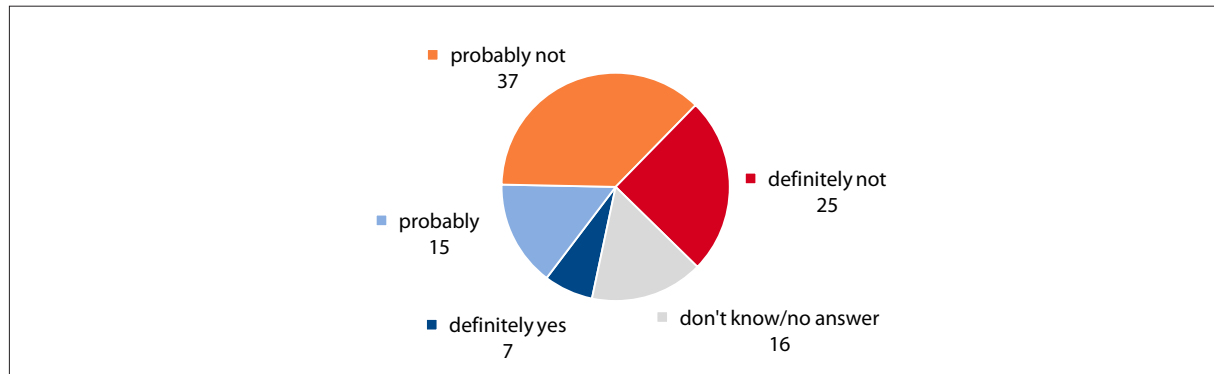
Source: representative opinion polls by Levada Center, 24–27 January 2014,
<http://www.levada.ru/print/05-02-2014/zimnie-olimpiiskie-igry-v-sochi-interes-nadezhdy-i-otsenka>

Figure 3: What Is, In Your Opinion, the Explanation for the Fact That Russia Spent More on the Preparations for the Olympic Games Than Any Other Country?



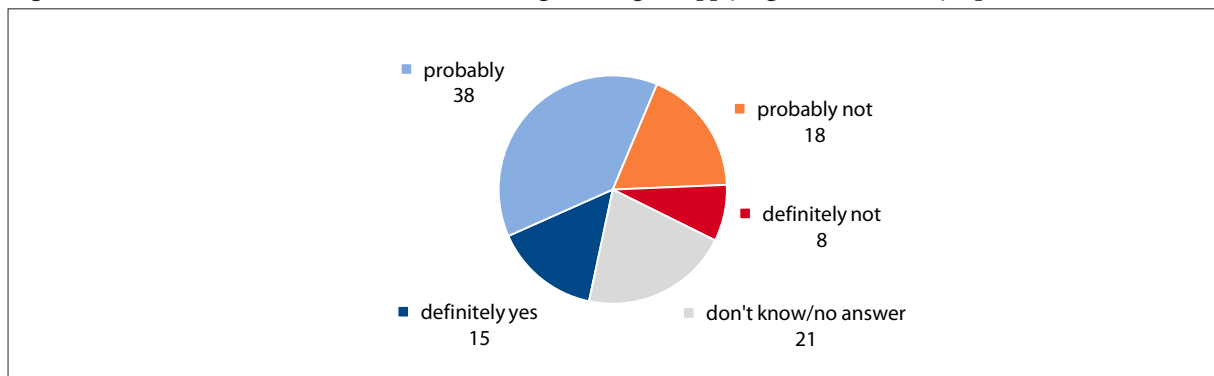
Source: representative opinion polls by Levada Center, 24–27 January 2014,
<http://www.levada.ru/print/05-02-2014/zimnie-olimpiiskie-igry-v-sochi-interes-nadezhdy-i-otsenka>

Figure 4: What Do You Think, Will the Bureaucrats and Businessmen Who Are Responsible for Abuses Be Called to Account?



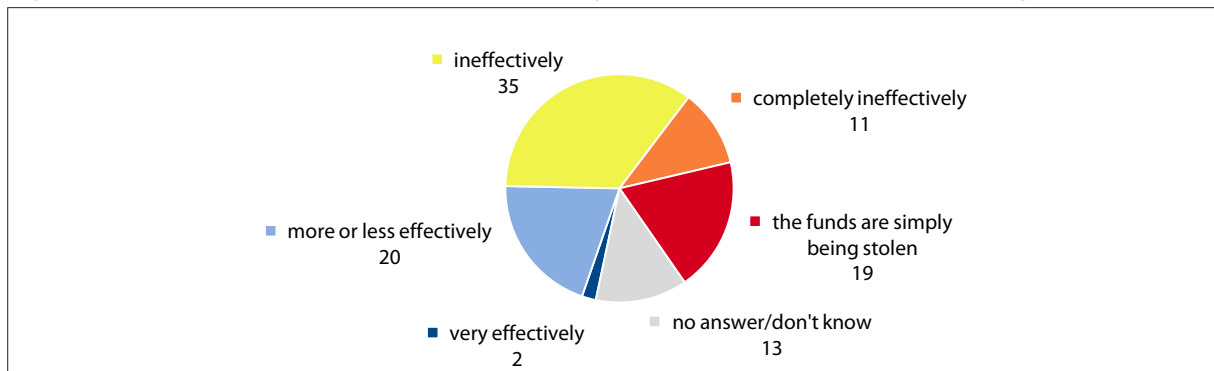
Source: representative opinion polls by Levada Center, 24–27 January 2014,
<http://www.levada.ru/print/05-02-2014/zimnie-olimpiiskie-igry-v-sochi-interes-nadezhdy-i-otsenka>

Figure 5: Do You Think that Russia Did the Right Thing in Applying to Host the Olympic Games in Sochi?



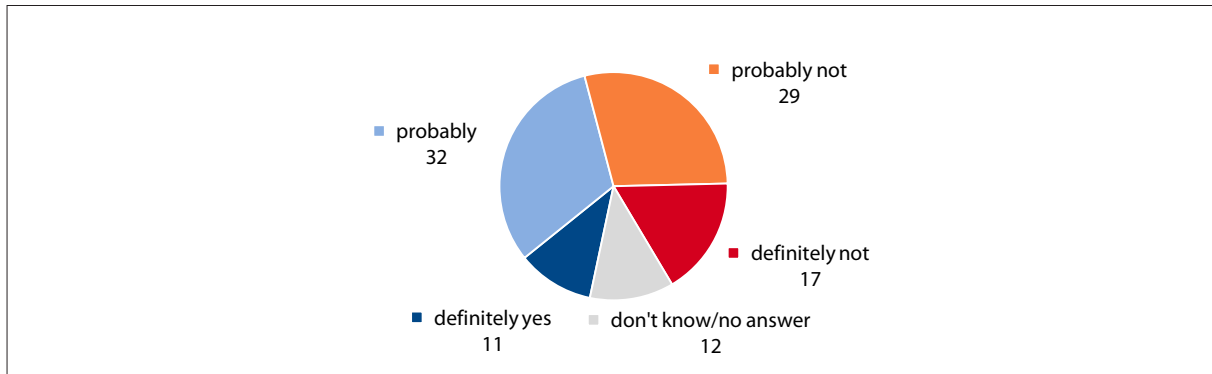
Source: representative opinion polls by Levada Center, 24–27 January 2014,
<http://www.levada.ru/print/05-02-2014/zimnie-olimpiiskie-igry-v-sochi-interes-nadezhdy-i-otsenka>

Figure 6: Are the Funds Allocated from the State Budget for the Olympic Games in Sochi Being Spent Effectively?



Source: representative opinion polls by Levada Center, 6–10 June 2013,
<http://www.levada.ru/print/27-06-2013/obshchestvennoe-mnenie-ob-izderzhkakh-olimpiady>

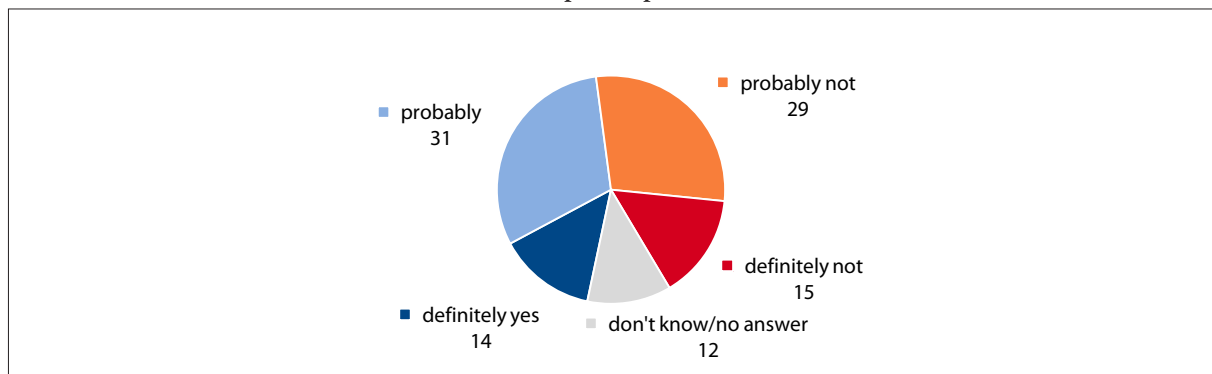
Figure 7: Will the Funds Which Russia Invests for “Image Projects” Such as the Olympic Winter Games in Sochi 2014 and the Soccer World Championship 2018 Pay Off?



Source: representative opinion polls by Levada Center, 6–10 June 2013,

<<http://www.levada.ru/print/27-06-2013/obshchestvennoe-mnenie-ob-izderzhkakh-olimpiady>>

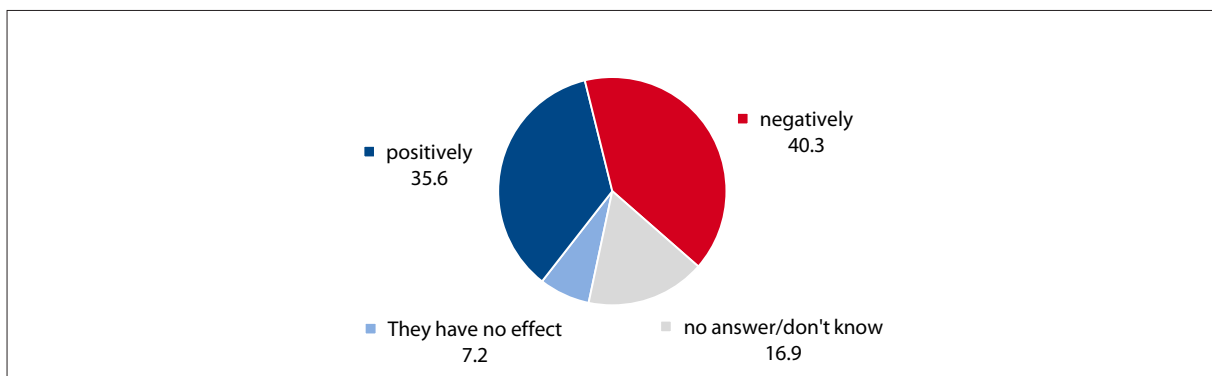
Figure 8: Should Russia Spend Large Amounts on “Image Projects” Such as the Olympic Winter Games in Sochi 2014 and the Soccer World Championship 2018?



Source: representative opinion polls by Levada Center, 6–10 June 2013,

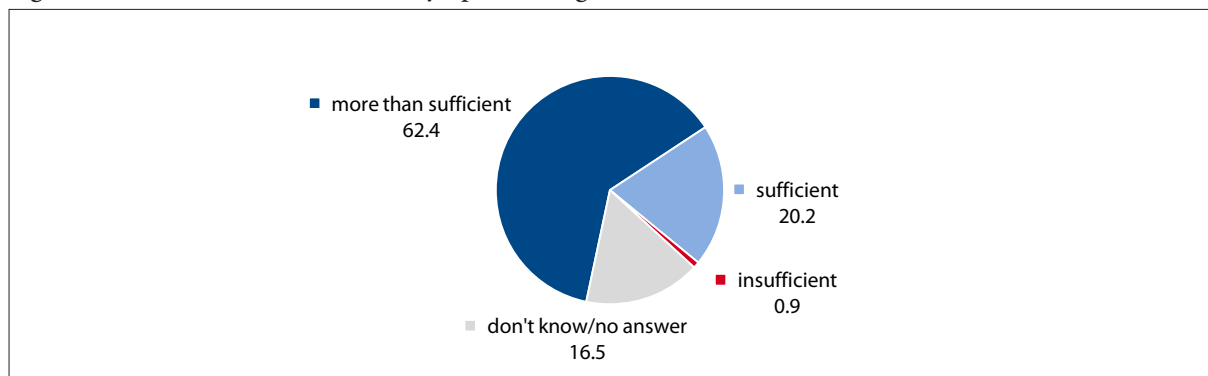
<<http://www.levada.ru/print/27-06-2013/obshchestvennoe-mnenie-ob-izderzhkakh-olimpiady>>

Figure 9: Do Preparations for the Olympic Winter Games 2014 in Sochi Affect the Economic Development of Russia? If Yes, How?



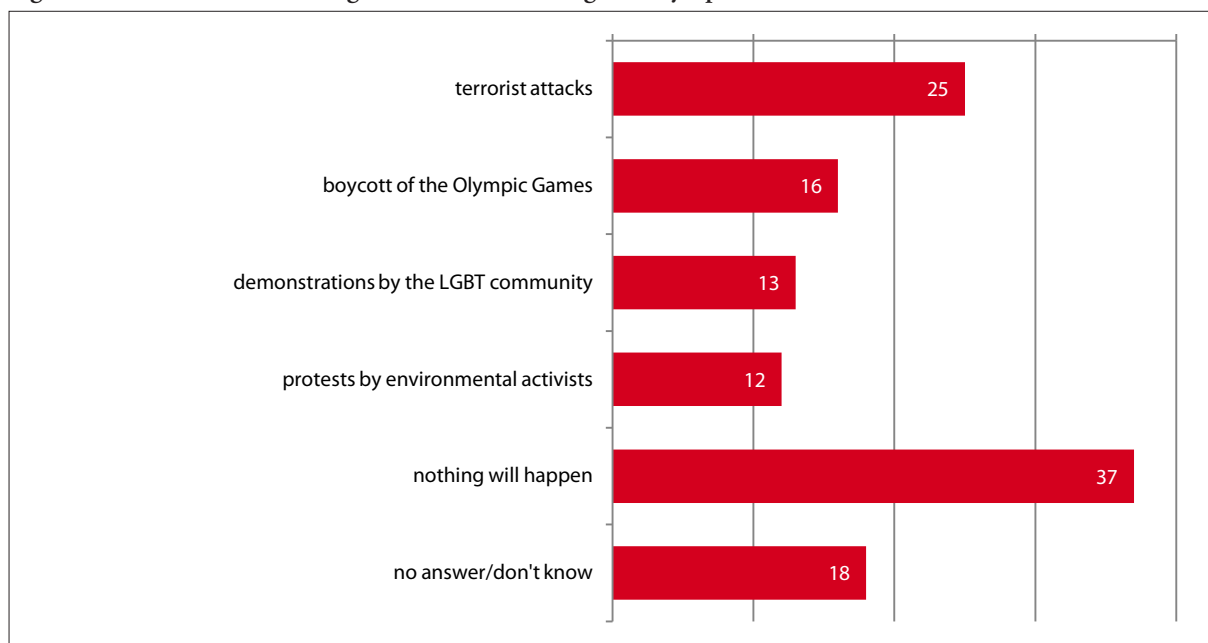
Source: representative opinion polls by Fond Obshchestvennogo Mneniya, 12–13 October 2013, <<http://fom.ru/obshchestvo/11159>>

Figure 10: Are Investments For the Olympic Wintergames 2014 More Than Sufficient, Insufficient, or Sufficient?



Source: representative opinion polls by Fond Obshchestvennogo Mneniya, 12–13 October 2013, <<http://fom.ru/obshchestvo/11159>>

Figure 11: Could the Following Events Occur During the Olympic Winter Games in Sochi?



Source: representative opinion polls by Levada Center, 25–28 October 2013, <<http://www.levada.ru/print/26-11-2013/vozmozhnye-sobytiya-na-zimnei-olimpiade-v-sochi>>

DOCUMENTATION

The Costs of the Olympic Games in Sochi in Comparison

Table 1: Costs and Cost Overruns of Olympic Games 1988 – 2014

Year	Games	City	Country	Costs of Olympic Games in bln. US\$ (2012)			Source
				planned costs	actual costs	cost overruns (%)	
1988	XV Winter Games	Calgary	Canada	0.67	1.07	+59.0%	[1]
1992	XVI Winter Games	Albertville	France	0.86	2.03	+135.0%	[1]
1992	XXV Summer Games	Barcelona	Spain	0.69	2.93	+325.0%	[3]
1994	XVII Winter Games	Lillehammer	Norway	0.54	2.03	+277.0%	[1]
1996	XXVI Summer Games	Atlanta	USA	1.64	4.05	+147.0%	[1]
1998	XVIII Winter Games	Nagano	Japan	1.57	2.45	+56.0%	[1],[9]
2000	XXVII Summer Games	Sidney	Australia	2.36	4.48	+90.0%	[1],[3]
2002	XIX Winter Games	Salt Lake City	USA	1.90	2.45	+29.0%	[1],[2]
2004	XXVIII Summer Games	Athens	Greece	2.00	3.20	+60.0%	[1]
<i>Costs of Olympic Games 1988 – 2004</i>				4.65	13.50	+190%	[3]
2006	XX Winter Games	Turin	Italy	2.40	4.37	+82.0%	[1],[5]
2008	XXIX Summer Games	Peking	China	5.64	5.86	+4.0%	[1]
<i>Costs of Olympic Games 1988 – 2008</i>				16.30	43.19	+165%	[3]
2010	XXI Winter Games	Vancouver	Canada	2.10	2.45	+17.0%	[1]
<i>Costs of Olympic Games 1988 – 2010</i>				2.88	6.08	+111%	[6],[7]
2012	XXX Summer Games	London	UK	3.93	15.39	+290.0%	[1],[3]
<i>Costs of Olympic Games 1988 – 2012 on average</i>				2.02	4.06	+120.8%	
<i>Olympic Summer Games 1988 – 2012 on average</i>				2.71	5.98	+152.7%	
<i>Olympic Winter Games 1988 – 2012 on average</i>				1.43	2.41	+93.6%	
2014	XXII Winter Games	Sochi	Russia	5.14	*8.60	+67.5%	[8],[11]
<i>Total costs of Sochi-2014 (estimate)</i>					**50.0	+972.0%	[13]

Notes: * according to 2009 data ** estimate

Sources: [1] Flyvbjerg B., Stewart A. (2012): *Olympic Proportions: Cost and Cost Overrun at the Olympics 1960–2012*. in: *Saïd Business School Working Papers*. Oxford: University of Oxford. June 2012; [2] *Olympic Games cost overruns*. in: *No Games*. February 2009. <<http://nogames.files.wordpress.com/2009/02/costoverruns.pdf>>; [3] Jennings W. (2012): *Mega-Events and Risk Colonisation*. *Risk Management and the Olympics*. in: *CARR*. March 2012. <http://soton.academia.edu/WillJennings/Papers/248726/Mega-Events_and_Ris...>; [4] Nowoshenina O., Ivanova M., Meremiskaya E. (2007): *Sochi – mesto ne dlya ot dyba*. In: *Gazeta.ru*. 5 July 2007. <http://sport.gazeta.ru/sport/2007/07/a_1880984.shtml>; [5] Wilkinson T. (2006): *Turin Hopes Its Pricey Olympic Makeover Lasts*. in: *Los Angeles Times*. 5 February 2006. <<http://articles.latimes.com/2006/feb/05/world/fg-turin5>>; [6] Wilson B. (2010): *Will Vancouver count cost of Olympics?* In: *BBC News*. 12 February 2010. <<http://news.bbc.co.uk/2/hi/business/8510177.stm>>; [7] *2010 Games in Crisis*. in: *The Vancouver Sun*. 27 September 2006 <http://www.canada.com/vancouver_sun/news/story.html?id=01fc5dbe-9e38-4573...>; [8] *Postanovlenie Pravitel'stva RF ot 8.6.2006 No. 357 "O Federalnoy celevoy programme 'Rasvitiye g. Sochi kak gornoklimaticheskogo kurorta (2006–2014 gody)'"*, <<http://www.zakonprost.ru/content/base/part/487742>>; [9] Solberg H. (2010): *Why major sports events end up more expensive than first planned*. Sør-Trøndelag College University. Norway. <<http://www.idrett.no/tema/internasjonalt/Documents/idrettsarr.dyrere.pdf>>; [10] Taylor A., Blackstone S. 12 *Enduring Legacies Of Olympic Host Cities*. in: *Business Insider*. 5 July 2012. <<http://www.businessinsider.com/the-lasting-legacy-of-the-olympics-2012-6...>>; [11] *Minregion ocenil rashody na Olimpiadu v Sochi v 1 trln rubley*. In: *Vsghyad*. 29 September 2009. <<http://www.vz.ru/economy/2009/9/29/332019.html>>; [12] Samofalova O. (2013): *Rossiya vydelilas*. In: *Vsghyad*. 1 February 2013. <<http://www.vz.ru/economy/2013/2/1/618531.html>>; [13] *Sochi the most extravagant Winter Olympics ever*, *Deutsche Welle*, 6 February 2014, <<http://www.dw.de/sochi-the-most-extravagant-winter-olympics-ever/a-17411857>>

Original calculation: Alexander Sokolov (2012): *Zatraty na olimpiadu Sochi-2014 rekordnye za v'syu istoriyu Olimpiyskih igr*, 16 August 2012, <http://ligpr.ru/articles/zatraty_na_olimpiadu_v_sochi>.

ABOUT THE RUSSIAN ANALYTICAL DIGEST

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